

- Retail sales bounce back in January
- Entries from US and overseas down 2.5% in January
- Workers benefit from adult education

The Economy

- Sales by retailers in the province rose 2.4% (*seasonally adjusted*) in January, following a somewhat disappointing performance in December (-0.7%). Retail sales were similarly robust in Alberta (+2.4%) and Nova Scotia (+2.4%). The national increase was 1.4%, with retailers in all parts of the country recording higher sales. Manitoba (+0.5%) and Quebec (+0.8%) were the only provinces where sales increased less than one percent. The strong sales may have been buoyed by gift card redemptions.

Data Source: Statistics Canada

- The value of production at BC coal mines increased to \$1.0 billion in 2004. BC has the country's biggest coal mining industry, accounting for about two-thirds of the total value of Canadian production in 2004.

Data Source: Statistics Canada

Exporters

- The number of Canadian establishments that export their products fell for the second year in a row in 2004. Some 44,969 establishments were exporters, down 1.2% from 2003. Quebec accounted for 60% of the drop in exporters, followed by BC (24%) and Manitoba (15%).

Nearly half (47%) of all exporting establishments are in the manufacturing industry. Wholesalers (22%) account for the second-biggest share of the total, followed by business services (8%) and agriculture, forestry, fishing & hunting (5%).

Data Source: Statistics Canada

Tourism

- Visitor entries to BC from the US and overseas slipped 2.5% (*seasonally adjusted*) in January as entries from overseas sources plunged 7.5%. Travel to BC from the US was also down (-1.1%). Entries to BC have been

sluggish during the last half-year, and January's decline was the sixth since June.

Travel to Canada rose only 0.7% in January. Visits from the US were up a modest 0.8%, while travel from overseas sources was unchanged from the previous month.

Data Source: Statistics Canada

- British Columbians stayed closer to home in January, with travel outside the country dropping off 1.1% (*seasonally adjusted*) from the December level. This was largely due to a 1.5% decline in visits to the US. The number of people re-entering Canada via BC from trips overseas was up 1.4%.

Although re-entries to BC were slow in January, Canadians as a whole seem to have caught the travel bug. The number of Canadians travelling to the US and overseas increased 5.5% in January, buoyed by strong gains in travel south of the border (+5.8%) as well as to overseas destinations (+3.5%). Same-day car trips to the US were up 4.2% from the December level.

Nearly 4.0 million Canadians travelled abroad in January. Canadians took more than 1.3 million overnight trips to the US, the highest level in over 12 years. Same-day car travel to the US hit the two-million mark for the first time since August 2001.

Data Source: Statistics Canada

Rural Canada

- Living in rural areas of the country is not as expensive as it used to be. Compared to the increase in the overall price level (as measured by the GDP implicit price index), the cost of transporting goods by rail and truck has declined since 1960, as has the cost of communications (including services such as phone and Internet access), but air and other types of private and

public passenger transportation are more expensive than they were nearly fifty years ago.

Rural Canada has always had manufacturing jobs, such as fish processing, smelting and wood and paper mills, but some of the newer manufacturing jobs are part of the network of just-in-time delivery systems.

Data Source: Statistics Canada

Continuing Care

- **In 2004/05, one in five continuing care patients in Canadian hospitals was under the age of 65 (data is only available for Ontario and Nova Scotia).** Twenty-two percent were totally dependent on others for the basic activities of daily living (washing, dressing, eating and moving around). Most (82%) had complex and unstable health conditions and nearly half (47%) experienced some degree of unrelieved pain. Twenty-four percent of patients exhibited signs of depression, and among those who had been in hospital for more than 15 weeks, 59% had limited or no social involvement. Nursing home residents showed higher levels of social engagement and over half were 85 or older. They were less likely to be totally dependent on others for basic care (15%), and more likely to be pain-free.

Data Source: Canadian Institute for Health Information

Parents & Adult Children

- **In 2001, 32% of Canadian parents whose youngest child was between the ages of 20 and 34 years old had at least one child living at home with them.** Parents living in large metropolitan centres, where there is a higher cost of living and easier access to postsecondary institutions were more likely to live with an adult child. Cultural factors were also instrumental in parents providing shelter for their adult children: parents born in South or Central America and Asia were more likely to share their home with their adult children than were those born in Canada. 82% of Asian-born parents who came to Canada between 1980 and 2001 lived with at least one adult child. Socio-economic status, on the other hand, was not a factor in co-residence of parents and their grown children.

Data Source: Statistics Canada

Adult Education

- **About 14% of Canadian workers participated in adult education during 1994 to 1997 or 1997 to 2000.** Those who obtained a post-secondary certificate made significant gains in wages and earnings. Young men who went back to school saw their wages increase 8% more than those who did not pursue further education. Among young women, the increase was 10%. Older workers who went back to school were most likely to obtain a wage benefit (13% for men and 7% for women) if they stayed with the same employer.

Data Source: Statistics Canada

Automotive Repair & Maintenance

- **About 73% of Canadian households reported spending an average of \$556 on auto repair and maintenance in 2004.** Operating revenues in the auto repair and maintenance industry rose to \$11.4 billion in 2004, up 2.3% from 2003. Sixty-one percent of the revenues were from mechanical repairs, with 39% coming from auto-body, paint and glass jobs.

Data Source: Statistics Canada

The Nation

- **As of March 31, 2005, the federal government's net financial debt (the excess of assets over liabilities) stood at \$523.3 billion, down marginally (\$300 million) from the level at the end of the 2003/04 fiscal year.** On a per capita basis, the federal government's net debt was \$16,266, the lowest it has been since 1992.

Canada's debt to GDP ratio was 39%. This is nearly double the ratio in 1971 (20%), but represents a considerable improvement over the situation in 1997, when the nation's debt peaked at \$588 billion, and the debt-to-GDP ratio was 68%. The recent improvement in the debt to GDP ratio is due to a combination of factors: Canada's GDP has increased 46% since 1997, while the national debt has shrunk 11%.

Data Source: Statistics Canada

- **Canada's composite index of leading indicators advanced 0.2% in February following more substantial gains in January (+0.3%) and December (+0.4%).** The stock market was the strongest performing indicator, posting growth of 1.2%.

Data Source: Statistics Canada

*Infoline Issue: 06-12
March 24, 2006*

Household Spending Patterns in British Columbia Reflect New Consumer Lifestyles

For businesses that are customer-focused and consumer-driven, spending patterns of households are a source of vital information that can be used to develop knowledge of specific consumer profiles and market demands. Data from the Survey of Household Spending (SHS) on goods and services can be used as a gauge in estimating consumer purchasing power and market potential.

In 2004, households in British Columbia spent an average of \$64,266, an increase of 6.5% from the previous year, and well above the inflation rate of 2.0% as measured by the Consumer Price Index (CPI). British Columbia was among three provinces that reported spending above the national average.

Personal taxes accounted for an estimated 19% of the average household budget, just over 1% more than in 2003. Shelter claimed 20%, while transportation represented 13%, food 11%, and clothing 4%, all about the same as the previous year.

Much of the increase in spending is attributable to the rising popularity of new communications services and digital home electronics. In the latter part of the 20th century and the first five years of the 21st we have seen a myriad of changes, but the revolution in technological communications and digital electronics is arguably one of the most widely-felt changes.

As more and more Canadians jump on the technology bandwagon, changes in the relationships of new technology with consumer demographics becomes an important avenue for business and households alike. The shift toward a knowledge-based society is

reflected in the choices that consumers make and the patterns manifested by these choices.

The changing face of communications

BC has historically spent more than the Canadian average on communications services. However, in 2004 the average spending by British Columbian households on telephone services (\$655) was below the Canadian average (\$664) for the first time.

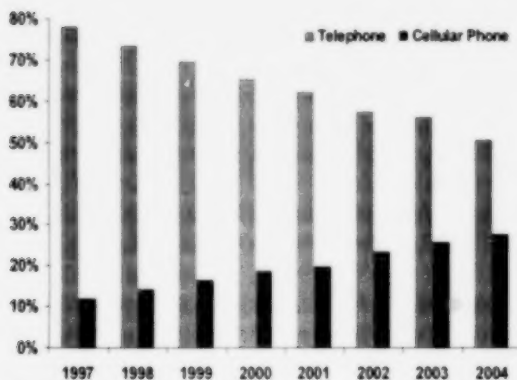
Since 1997, spending on telephone services has begun to drop as competition between phone companies and other forms of communications escalates.¹ In 1997, nearly 80% of the average British Columbian household's expenditure on communications was spent on conventional telephone equipment and services. By 2004, this share had dropped to just over 50%. According to the Consumer Price Index (CPI), prices for telephone services have remained relatively flat since 1998, so this drop can be attributed more to changing preferences in communications media than to a price deflation.

As cellular phones become more widespread, BC households are spending increasingly more on cell phone and related wireless services. In 1997, the average household in BC spent \$131 on these services and by 2004, only seven years later, households were spending an average of \$380 for the same services, an increase of almost threefold. Since 1997, BC has consis-

¹ Competition in local telephone service was approved in 1997. For further information and data on telecommunications in Canada and BC, see Telecommunications Service in Canada: An Industry Overview published by Industry Canada. Available at: www.strategis.ic.gc.ca

tently spent more on cellular phone, pager and text messaging services than the average Canadian household and continued to do so in 2004.

Share of BC households' average annual spending on communications (%)



Source: Statistics Canada

The percentage of British Columbian households reporting having at least one cell phone reached 63% in 2004, above the Canadian average of 59% and up 8.3% from 2003. The high percentage of households with cellular phones in the province is due in part to 71% of Vancouver residences reporting having at least one cell phone. In the province's capital, on the other hand, only 58% of households reported having at least one cell phone, slightly below the national average.²

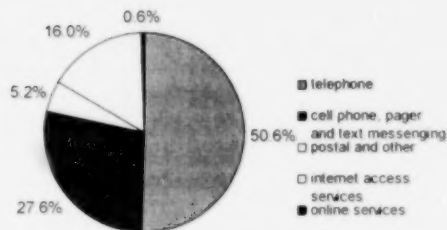
Households with the lowest incomes in BC spent an average of \$140 on cell phone and other wireless services in 2004—15.7% more than just one year earlier. Among households with the highest incomes, an average of \$719 was spent in 2004 on cellular services, up a sharp 16.7% from \$616 in 2003.

² Throughout this text, the *national average* refers to a 10 province average as the Survey of Household Spending surveys the nation's territories with less frequency than the provinces.

Given the rise in popularity of email and, more recently, web-logs, the Internet has become more and more popular as an alternative to traditional voice-traffic communication tools. Communications services suppliers have also begun offering local and long distance services using Voice over Internet Protocol (VoIP) to transmit telephone calls.

In 2004, as almost 7 out of 10 households reported having Internet from the home, Internet access services and online services together accounted for 17% of British Columbian households' expenditure on communications. This increase is even more significant when we take in to account that, according to the CPI, the cost to BC consumers for Internet access has remained relatively unchanged for the past five years. By comparison, these same forms of communication accounted for a mere 4% in 1997 when a little more than 2 out of 10 households had internet access from the home.

Percent of Total Average Household Spending on Communications by Medium



Source: Statistics Canada

The Internet, along with the many tools it provides, is purported to be a relatively inexpensive form of communication. So, although only 17% of the province's household communications budget went to Internet access and online services in 2004, it is safe to say that a larger proportion of total

communication likely occurred online. As of yet, basic email and other online messaging services are offered to the consumer at no cost and, as such, much of the everyday overseas and local communication is conducted online. Household expenditure for Internet services has been slightly higher in BC than in the rest of Canada, but the gap has narrowed over the past two reporting years (2003-2004).

Recreational use of technology becomes commonplace

Of course computers are not only used for communication purposes, nor is "surfing the net" the only recreational activity to be performed online. More and more British Columbians are using their home computers to download entertainment material ranging from music to movies and video games.

In 2004, the percentage of homes in British Columbia with a computer increased from 47% in 1997 to 75%. As to be expected, spending on computer equipment and supplies has consequently been rising, albeit on a more volatile scale than one might expect. This is due in part to the continuing decrease in the price of computers, which, according to the Consumer Price Index, fell 75% in Canada³ between 1997 and 2004. The peak in spending on computer equipment was recorded in 2000 owing partially to the change in millennium, and to the panic of Y2K computer failures. Although prices were lower in 2004, average spending on computer equipment and supplies was still up 1.9% from 2003, reaching \$383 per household.

Even with the falling prices of computers, the highest income households recorded an average expenditure of \$804 on computer equipment and supplies in 2004, up from

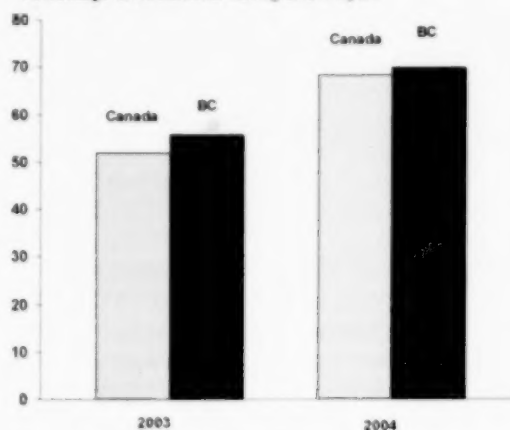
\$668 in 2003. BC households in the lowest income quintile also appear to have taken advantage of the falling prices for computer equipment, as spending on equipment and supplies increased by a whopping 64.4% from an average of \$90 per household in 2003 to an average of \$148 in the 2004. A record 29% of households reported buying new computer hardware in 2004, a figure that has risen steadily every year since the Survey of Household Spending began.

Video games continue to play a big role in recreational spending patterns in BC and the rest of Canada. Spending has risen significantly since 1997 as new consoles have emerged almost annually. The latest video game systems are always in high demand with children and remain among the top selling children's gifts. However, in BC, average household spending on video game equipment and cartridges has slipped almost 28% over the last two reporting years.

DVD players head home entertainment innovation

Average spending on home entertainment equipment and services continues to rise with the ever-increasing popularity of DVD players, plasma and other flat screen TVs. Both

Percentage of Households having DVD Players



Source: Statistics Canada

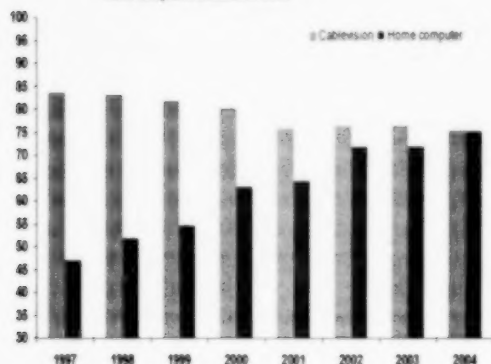
³ Detailed BC-specific data not available.

equipment and service expenditures have risen significantly over the past five years.

Similar to the rest of the country, BC has experienced an explosive growth in DVD players with 70% of households reporting them. This is a considerable increase from the 56% recorded in 2003. Relative to the Canadian average, a larger percentage of British Columbian households reported having at least one DVD player.

It might be assumed that given the stark increase in purchases of DVD players, British Columbians would be quick to rid themselves of the rapidly-becoming-archaic Video Cassette Recorders (VCRs). On the contrary, with 91% of households reporting having at least one VCR, the number has not yet shown signs of dropping, though it has remained relatively flat since 2000.

Percentage of BC households with cablevision down while those with home computers continue to climb



Source: Statistics Canada

One area that may be beginning to fall victim to the onslaught of newer, more desirable technologies is cablevision. Residences reporting having cable television have dropped significantly since 1997 at both the provincial (-10%) and national levels (-11%). This decrease appears to be mirroring the increase in households with home computers and would explain the adaptation of cable providers to

offer high speed cable internet access as a means of retaining their share of the entertainment market. According to the Consumer Price Index, the cost of cablevision (including pay TV) in BC increased by 45% over the same period so the drop is not attributable to lower prices for service.

Welcoming change while keeping traditions

With the obvious increase in spending on electronic, wireless and digital forms of entertainment and communication in BC, one might expect a decrease in other, more long-standing vehicles of leisure and information acquisition. Such technological innovations are purported to encourage a more sedentary, sheltered lifestyle. So how are British Columbians spending their time and money outside the home?

BC remains Canada's most active province; nearly 59% of British Columbians over the age of 12 obtain enough physical activity to achieve health benefits, while the Canadian average sits at 44%.⁴ There are an estimated 840,000 people registered in organized sports in B.C., of which roughly two-thirds are under the age of 18.⁵

In 2004, BC households spent 25% more on sports and athletic equipment than Canada's average.

Spending on children's toys and vehicles, such as bicycles has changed minimally (+5.4%) since 1998.

Spending on entertainment sought out of the home has remained relatively robust. The only substantive drop to occur was in spending on live sporting events in 2004, due mostly to the National Hockey League negotiations and the "lock-out" that ensued.

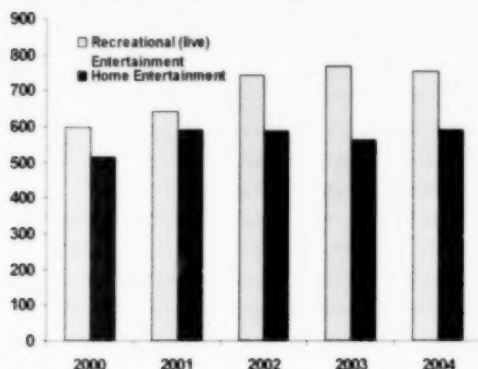
⁴ 2002/03 Canadian Community Health Survey

⁵ Sport BC FAQs and Figures: www.sport.bc.ca

Households reported a notable increase (+45%) in the average spent on live performing arts in the last four reporting years, and in 2002 the GDP in performing arts, spectator sports and related industries in BC was \$610.7 million.

Despite the innovative new developments in home entertainment, apparently British Columbians still seek the big screen experience of a movie theatre as average expenditures at the box office have climbed consecutively every year since 1997. The increase in spending on home entertainment equipment and services does not appear to have resulted in a dwindling of spending at movie theatres, though average spending in movie theatres has been somewhat lacklustre considering the significant price increases over the past five years.

Average spending per household remains higher in "out-of-home" entertainment (\$)



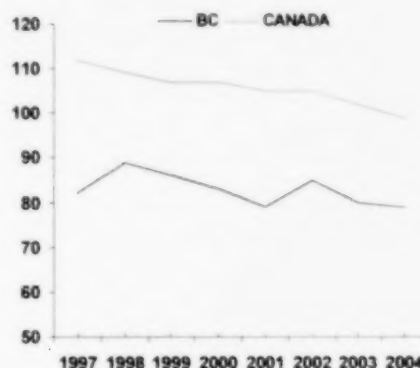
Source: Statistics Canada

As concerns rises over the literacy of children in this era of technological advances, BC has also managed to retain its reputation as the "book province"; households in the province still reported spending well above the national average on books and pamphlets every year.

While newspapers have managed to maintain a relative stronghold in BC in the face of newer, more innovative forms of infor-

mation communication, average spending in the province's households on newsprint has been slowly declining over the past 8 years. By 2004, average household spending on newspapers in the province had slipped just over 8% from 1999, while the CPI showed an increase in the average overall price paid by Canadian⁶ (+15%) consumers for newspapers over the same period.

Average household expenditure on newspapers begin to drop (\$)



Source: Statistics Canada

British Columbians appear to be soaking up all of the exciting new technologies being developed while still pursuing the tried and tested sources of entertainment, recreation and communications.

The growing demand for communication services and electronics such as DVD players, cell phones, and high-speed Internet has inarguably powered substantial changes in the spending patterns of British Columbian households in recent years.

⁶ Detailed BC-specific data not available.



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also on the Internet at www.bcstats.gov.bc.ca



March 24, 2006

Issue 06-12

BC at a glance . . .

POPULATION (thousands)		
	Oct 1/05	% change on one year ago
BC	4,271.2	1.3
Canada	32,378.2	1.0
GDP and INCOME		
(BC - at market prices)	2004	% change on one year ago
Gross Domestic Product (GDP) (\$ millions)	157,241	7.7
GDP (\$ 1997 millions)	139,205	4.0
GDP (\$ 1997 per Capita)	33,129	2.8
Personal Disposable Income (\$ 1997 per Capita)	20,182	1.4
TRADE (\$ millions, seasonally adjusted)		
		% change on prev. month
Manufacturing Shipments - Jan	3,779	-0.5
Merchandise Exports - Jan	3,121	-2.7
Retail Sales - Jan	4,339	2.4
CONSUMER PRICE INDEX		
(all items - 1992=100)	Feb '06	12-month avg % change
BC	125.8	1.9
Canada	128.6	2.3
LABOUR FORCE (thousands)		
(seasonally adjusted)	Feb '06	% change on prev. month
Labour Force - BC	2,285	0.0
Employed - BC	2,176	0.4
Unemployed - BC	109	-7.1
		Jan '06
Unemployment Rate - BC (percent)	4.8	5.1
Unemployment Rate - Canada (percent)	6.4	6.6
INTEREST RATES (percent)		
	Mar 22/06	Mar 23/05
Prime Business Rate	5.50	4.25
Conventional Mortgages - 1 year	6.05	4.80
- 5 year	6.45	6.05
US/CANADA EXCHANGE RATE		
	Mar 22/06	Mar 23/05
(avg. noon spot rate) Cdn \$	1.1653	1.2136
US \$ (reciprocal of the closing rate)	0.8576	0.8220
AVERAGE WEEKLY WAGE RATE		
(Industrial aggregate - dollars)	Feb '06	% change on one year ago
BC	716.86	1.7
Canada	715.74	3.3

SOURCES:

Population, Gross Domestic Product, Trade,
Prices, Labour Force, Wage Rate } Statistics
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics } Canada
For latest Weekly Financial Statistics see www.bankofcanada.ca

2006 Census

Count yourself in on May 16, 2006!

<http://www.census2006.ca>

Bankruptcy Rates

A new file on our site publishes bankruptcy rates facilitating the comparison of major urban centres. Consumer bankruptcies are normalized by population (per 1000 population) and business bankruptcies are normalized by number of businesses (per 1000 establishments).

Bankruptcy Rates

<http://www.bcstats.gov.bc.ca/data/dd/handout/BANKRATE.pdf> [continued]

Economic Accounts (GDP)

Statistics Canada now provides free access to a broad range of national and provincial economic accounts (Gross Domestic Product) data.

The **System of National Economic Accounts** module provides an up-to-date portrait of national and provincial economies and their structure, based on an integrated, internationally recognized set of economic accounting concepts.

Labour force statistics

<http://www.statcan.ca/english/nea-cen/index.htm>

Released this week by BC STATS

- No subscription releases

Next week

- Migration Highlights, 4th Quarter 2005
- Immigration Highlights, 4th Quarter 2005
- Business Indicators, March 2006
- Current Statistics, March 2006

